

Report to	Cabinet
Date of meeting	18 February 2020
Lead Member / Officer	Julian Thompson Hill
Report author	Robert Brookes (Joint Project Manager - CCBC), Steve Gadd (Head of Finance and Property)
Title	Finance System Procurement

1. What is the report about?

- 1.1. This report is seeking authority to start a procurement process for a core financial system for the Council. It is a collaborative procurement with Conwy County Borough Council.

2. What is the reason for making this report?

- 2.1. The value of the total procurement is over £2,000,000 and Cabinet must approve the commencement of the procurement. A decision is required from Cabinet to commencement the procurement process.

3. What are the Recommendations?

- 3.1. That Cabinet confirms that it has read, understood and taken account of the Well-being Impact Assessment (Appendix 1) as part of its consideration.
- 3.2. That Cabinet approves the commencement of the procurement for a core financial system, as set out in this report.

4. Report details

- 4.1. The project is based on Conwy County Borough Council and Denbighshire County Council finance services collaborating in purchasing a core financial system. Both authorities have similar legacy systems and risks associated with staying with existing solutions, with both authorities being on unsupported version of the Masterpiece software suite leaving both at high risk. The intention is to set up a framework which will allow

either Council to have their own solution or a shared solution, either hosted by a supplier or hosted on site by one or more of the Councils. The framework will also allow Wrexham County Borough Council and Flintshire County Council to purchase their own core financial system if they wish to do so in the future. The framework is limited to these 4 councils. The estimated value of the framework is over £2,000,000. The framework can only be set up for 4 years but the contracts which are entered into under the framework can be longer than this. Therefore once the framework is established, the four councils must call off from it within 4 years.

- 4.2. A project governance structure is in place which involves senior and expert representation from Finance, Legal and Procurement and ICT.
- 4.3. A consultative group will be set up in due course to ensure that key stakeholders (i.e. services) are informed of project developments and involved as appropriate.
- 4.4. The Evaluation methodology and criteria being applied for this procurement includes a number of scored questions regarding sustainability including:
 - Provision of an environmental policy statement committing the organisation to a programme of improvement.
 - Evidence that the supplier identifies and reviews organisational environmental impacts.
 - Evidence that the supplier sets environmental objectives and targets against which performance is measured or audited.

5. How does the decision contribute to the Corporate Priorities?

- 5.1. The Council's Finance systems are business critical to allow the Council to operate all of its services. The project therefore contributes to all of the Council's corporate priorities.

6. What will it cost and how will it affect other services?

- 6.1. It is anticipated that the lifetime project costs should not exceed the operational costs of the existing solutions and that the new solution will deliver any efficiencies required to ensure the project is cost neutral over time.
- 6.2. As the framework will be in place for at least 10 years, the combined spend will exceed £2 million.

- 6.3. A dedicated project manager is required for the duration of the project together with additional 'back fill' resources within the Finance Service to enable the relevant specialists to focus on project delivery. This is currently being funded through existing resources.
- 6.4. There will be a period of implementation and testing required, and for existing users to be trained on the new system. This will inevitably cause some disruption to the business, but this will be planned as part of the implementation plan and mitigated as far as possible. Go live of the system will be planned so that it occurs at the start of the financial year and not at a point further on in the financial year.
- 6.5. The estimated costs for Denbighshire will depend on the tenders that are submitted and also the chosen model for implementation. Market testing suggests that a viable system can be procured and implemented for a similar annual cost to the existing suite of legacy systems. The service has a reserve which it intends to use to fund the implementation costs. However any further resources that may be required will be the subject of a separate business case once the tender assessment process has been complete.

7. What are the main conclusions of the Well-being Impact Assessment?

- 7.1. The Well-Being Assessment is attached at Appendix 1. The summary is:

Score for the sustainability of the approach: (3 out of 4 stars) actual score: 22 / 30.

Summary of impact: Well-being Goals:

A prosperous Denbighshire: Neutral

A resilient Denbighshire: Neutral

A healthier Denbighshire: Neutral

A more equal Denbighshire: Neutral

A Denbighshire of cohesive communities: Neutral

A Denbighshire of vibrant culture and thriving Welsh language: Neutral

A globally responsible Denbighshire: Positive

Main conclusions

The project is based on replacing an existing IT system through a collaborative procurement with CCBC. It is hoped that the project will develop into a shared service in the future, with other public sector partners.

8. What consultations have been carried out with Scrutiny and others?

8.1. No consultation with Scrutiny is required.

9. Chief Finance Officer Statement

9.1. The procurement of a new core financial system has been planned for a couple of years and it is welcome that we have finally managed to reach the procurement stage. As stated elsewhere it is hoped that both the implementation costs and the ongoing costs can be maintained within existing resources from a DCC perspective. Any change to this assumption will need a revised and full option appraisal and Business Case.

9.2. It is vital that any new system can continue to deliver the efficient and user-friendly service that the existing suite of software solutions provide in Denbighshire. The main benefit for DCC will be resilience and sustainability in the medium term, along with opportunities to work collaboratively and replace other systems (which will be dependent on separate evaluations at the appropriate time).

10. What risks are there and is there anything we can do to reduce them?

10.1. Legal challenge in relation to the procurement process – managed by the input of specialist legal advice in terms of the process and drawing up the required documentation.

10.2. Transition arrangements arising from change of supplier– a transition plan can be agreed between the incumbent supplier and the appointed supplier.

10.3. The cost of the system exceeds the resources available within the service - as stated above a business case will need to be prepared and presented for the final solution with all options, including upgrading existing systems, considered.

10.4. The suite of software currently used by Denbighshire has been tailored to become a highly efficient and effective solution. This has allowed the service to make staff efficiencies year on year. It is important that any solution can at least provide the service that the current systems offer – this requirement has been included in the tender specification.

11. Power to make the decision

11.1. Cabinet is required to authorise the commencement of this procurement procedure pursuant to section 2.7.2 iii of the Council's Contract Procedure Rules.

11.2. The Council also has power to issue the procurement and enter into contracts pursuant to section 111 Local Government Act 1972 (power to undertake any act to facilitate, or which is conducive or incidental to, the discharge of any of their functions); section 135 Local Government Act 1972 (power to make standing orders to govern entering into contracts), section 112 Local Government Act 1972 (appoint such officers as they think necessary for the proper discharge by the authority of the authority's functions); section 3(1) Local Government Act 1999 (general duty on a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised).